

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

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R 193023Z APR 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 3889

INFO AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

AMCONSUL MEDAN

AMCONSUL SURABAYA

C O N F I D E N T I A L JAKARTA 5023

E.O. 11652: GDS

TAGS: ENRG,PGOV,ID

SUBJECT: APPOINTMENT OF GEN. HARYONO AS PERMANENT
PRESIDENT-DIRECTOR OF PERTAMINA

REF: JAKARTA 3480

1. SUMMARY: PRESIDENT SUHARTO APPOINTED MAJOR GEN. PIET HARYONO AS PERMANENT PRESIDENT-DIRECTOR OF PERTAMINA ON APRIL 15, 1976. HIS APPOINTMENT IS EXPECTED TO BE ACCOMPANIED BY SEVERAL CHANGES IN PERTAMINA AT STAFF LEVEL. ACTIVE REVIEW OF COMPANY'S MANY NON-OIL JOINT VENTURES AND SUBSIDIARIES ALSO UNDERWAY. HARYONO WILL RELINQUISH HIS JOBS IN MINISTRY OF FINANCE AND IN PERTAMINA'S FINANCIAL DIRECTORATE. END SUMMARY.

2. MINISTRY OF MINES ANNOUNCED APRIL 14 DECISION OF PRESIDENT SUHARTO TO APPOINT MAJ. GEN. PIET HARYONO AS
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PERMANENT PRESIDENT-DIRECTOR OF PERTAMINA. HARYONO, WHO

HAS BEEN ACTING PRESIDENT-DIRECTOR SINCE MARCH 3, WAS FORMALLY INSTALLED AT PALACE CEREMONY APRIL 15. EXPECTATION IS THAT HARYONON'S APPOINTMENT WILL BE ON A LONG-TERM BASIS. (SUMMARY OF PRESIDENT SUHARTO'S SWEARING-IN REMARKS IS BEING SENT VIA SEPTTEL.)

3. HARYONO IS ALSO GIVING UP HIS TWO OTHER POSITIONS AS DIRECTOR-GENERAL FOR BUDGET IN MINFIN AND PERTAMINA FINANCE DIRECTOR. FORMER POSITION WILL BE FILLED BY MAJ. GEN. YUSUF RAMLI, FORMERLY GOI AMBASSADOR TO JAPAN. O RAMLI HAS BEEN LONG RUMORED FOR JOB AND ENJOYS CONFIDENCE OF SUHARTO. HE HAS SOME PREVIOUS EXPERIENCE IN FINANCE AND OIL MATTERS AND WAS AT ONE TIME SERIOUSLY CONSIDERED BY GEN. IBNU FOR POST AS DIRECTOR OF BATAM ISLAND DEVELOPMENT PROJECT. ALTHOUGH IT HAS NOT YET BEEN ANNOUNCED OFFICIALLY, COL. SOEDIONO, CURRENT CHIEF OF PERTAMINA'S PURCHASING DIVISION, IS SLATED TO TAKE OVER HARYONO'S DUTIES IN PERTAMINA FINANCE DIRECTORATE.

SOEDIONO SERVED PREVIOUSLY AS PERTAMINA'S REPRESENTATIVE IN TOKYO FOR SEVERAL YEARS. HE WAS APPOINTED TO PRESENT JOB LAST SUMMER AT TIME OF FIRST MAJOR SHAKE-UP IN PERTAMINA. HE IS RESPECTED AS CAPABLE ADMINISTRATOR AND SHOULD WORK WELL WITH HARYONO. (COL. SOEDIONO SHOULD NOT BE CONFUSED WITH IR. SOEDIONO, NUMBER TWO MAN IN PERTAMINA'S EXPLORATION AND PRODUCTION DIVISION WHO HAS UNSAVORY REPUTATION AND IS NOW ON HIS WAY OUT.)

4. THESE MOVES REPRESENT CONTINUATION OF PERTAMINA REORGANIZATION PROGRAM AS WELL AS EFFORT TO UNBURDEN HARYONO FROM HIS OTHER DUTIES WHICH WERE BEGINNING TO BECOME REAL STRAIN. PRESIDENT HELD OFF IN MAKING DECISION UNTIL FY 1976/77 GOI BUDGET EXERCISE WAS COMPLETED. HARYONO'S APPOINTMENT WILL NOW BE ACCOMPANIED BY FURTHER PERSONNEL CHANGES. ONE SUCH MOVE INVOLVES "RETIREMENT" OF PERTAMINA PZLIC RELATIONS DIRECTOR MARAH JOENOS. DR. E. SANGER, CURRENTLY HEAD OF PERTAMINA'S LEGAL AND FOREIGN MARKETING DIVISION, IS ALSO ABOUT TO BE EASED OUT. ANOTHER MAJOR CHANGE WILL INVOLVE PERTAMINA'S FOREIGN CONTRACTORS DIVISION (DKKA) WHICH SERVES AS CHIEF

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LIAISON POINT BETWEEN PRODUCTION-SHARING COMPANIES AND PERTAMINA. DKKA'S MANDATE WILL BE STRENGTHENED TO INCLUDE COORDINATION OF ACTIVITIES OF ALL FOREIGN OIL COMPANIES: CONTRACT OF WORK, PRODUCTION-SHARING, AND SERVICE CONTRACTORS; DKKA WILL OPERATE AS SEPARATE ENTITY OUTSIDE OF BOARD OF DIRECTORS AND WILL REPORT DIRECTLY TO WIJARSO AND HARYONO. MAJ. GEN. SOEKAMTO SAJIDIMAN WILL REMAIN ON FOR INDEFINITE PERIOD AS CHIEF.

5. ACTIVE SCRUTINY OF PERTAMINA'S VARIOUS SUBSIDIARY AND JOINT-VENTURE ACTIVITIES IS ALSO UNDERWAY. ALTHOUGH IT WILL BE SOME TIME BEFORE DETAILS ARE AVAILABLE, HARYONO'S INTENT IS TO REDUCE CONSIDERABLY SCOPE OF ACTIVITIES FOR MANY IF NOT ALL OF THESE COMPANIES. FOR EXAMPLE PELITA, PERTAMINA'S AIR SERVICE BRANCH, WILL DIVEST ITSELF OF ALL FIXED WING AIRCRAFT AND LIMIT ITS ACTIVITIES TO HELICOPTERS. PLUSH, SPECIALLY OUTFITTED BOEING 727 HAS BEEN CANCELLED AND IS STILL SITTING IN SEATTLE. ELNUSA, WHICH PROVIDES COMMUNICATION SUPPORT, IS RELEASING MANY OF ITS EXPENSIVE EXPATRIATE ADVISORS. BOTH PELITA AND ELNUSA HAVE BEEN EXPERIENCING SERIOUS CASH FLOW PROBLEMS. OTHER CUTBACKS INCLUDE PERTAMINA RICE ESTATE AT PALEMBANG WHICH WILL BE SCALED DOWN FROM 20,000 HECTARES TO 400. SIMILARLY, PERTAMINA'S CONSTRUCTION VENTURE, P.T. PATRA JASA, HAS BEEN GIVEN ORDERS TO CUT BACK CONSIDERABLY AND PAY ITS OWN WAY.

6. INITIAL REACTION TO PRESIDENT'S DECISION HAS BEEN FAVORABLE. OIL COMPANIES BELIEVE THEY CAN WORK WITH HARYONO AND WELCOME HIS APPOINTMENT AS RETURN TO NORMALCY AT PERTAMINA. HARYONO REPORTEDLY ENJOYS RESPECT OF MILITARY WHO FEEL HE IS RIGHT CHOICE. SOME CONCERN HAS BEEN VOICED ABOUT HIS LACK OF DYNAMISM AND HIS CAUTIOUS APPROACH BUT THESE HAVE BEEN MINOR CRITICISMS ON BALANCE. ACCORDING TO ONE WELL PLACED PERTAMINA OFFICIAL, HARYONO IS VERY CLOSE TO PRESIDENT SUHARTO AND ENJOYS LATTER'S COMPLETE CONFIDENCE.

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